

THE INFLUENCE OF RELIGIOUSNESS ON PERCEIVED BUSINESS ETHICS

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ABSTRACT

The purpose of this research is to determine the influence of religiousness on perceptions of business ethics. Specifically, this paper will examine whether religious values like Buddhism, Christianity, Hinduism and Islam have any influence on the ethical perceptions of business executives, and whether the degree of religiousness have any influenced on perceived business ethics. Perceptions of business ethics were looked from three perspectives: business to consumer ethics, organizational ethics, and business-to- business ethics. Based on past studies, a structured questionnaire was developed, and 14 business scenarios were presented to the executives. The religiousness construct had 14 items. A total of 209 responses were usable for analysis. The Cronbach coefficient for the business scenarios was 0.81, while the coefficient for religiousness was 0.79, suggesting a fair level of internal consistency in the responses. In the sample, 32.5% of the respondents were Buddhist, 21.5% were Christians, 12.5% were Hindus, and 33.5% were Muslims. The results showed that there was an association between the level of religiousness and the religious groups ($p < 0.001$), suggesting that certain religious groups (Christians and Muslims) were more religious than others (Buddhist and Hindus). The ANOVA results also showed that there were significant differences in three out of the 14 business ethical scenarios. However, with respect to religiousness, there were only significant differences in one out of the 14 business scenarios. This means that the influence of religiousness on perceived business ethics were limited. The implications of the study are also discussed.

INTRODUCTION

Business ethics has received considerable attention among the corporate executives, public sector and academics. In the competitive business environment, companies resorted to various practices that appeared to be unethical. Even corporate giants like Enron, Arthur Anderson and Worldcom had created considerable chaos in the business environment with the unethical practices that appeared to have affected many stakeholders. On the 15th February 2003, two general managers, one in finance and the other in investment, of the National Pilgrimage Board (LTH) had been charged in the Malaysian sessions court for breach of trust by withholding information that could affect the decision not to invest in foreign exchange activities. The amount of investment held was about RM 400 million (The New Straits Times, 15 February, 2003). Such incidence indicates the extent of unethical practices played by business executives and managers worldwide. According to Ferrell and Gresham (1985), an individual's ethical decision making could be influenced by many factors such as individual, social and cultural environment. Hunt and Vitell (1986) suggested that religiousness have an influence on an individual's perception of ethics. They believed that religiousness could affect ethical decision making in three ways. Firstly, religion is part of the cultural environment. Secondly, religion is also listed as a personal characteristic. Thirdly, religion is at least a partial and often a dominant basis for individual deontological norms. As such, religion has some considerable influence on people's values, habits, and attitudes. Further, religion has been found to serve people on ways to do things and provide a series of tools and teaching for social behavior. Religion also fosters or frowns on particular choice behavior. As such religiousness has an important value in the individual's cognitive structure and can influence an individual's behavior. As such religion is seen as an important institution that exercises control over beliefs and behaviors (Kennedy and Lawton, 1998).

However, there are conflicting views on the influence of religion towards questionable business practices. While certain studies have found no cross-religious differences in the ethical standards of managers, other studies have found otherwise. In area specific studies, like student cheating (Allmon et al., 2000; Barnett et al., 1996), insider trading (Terpstra et al., 1993), environmentalism (Wolkomir et al., 1997), and in broader studies (Smith and Oakley, 1996; Meising and Preble, 1985), a higher degree of religiousness is associated with higher ethical attitudes. According to Weaver and Age (2002), when management theorists address organizational practices in non-western cultures, they often granted a role to religious belief among the cultural factors influencing organizational behavior. This is due to the fact that in non-western societies, like Malaysia, they are seen to have higher metaphysical and spiritual scores than western societies. Further, the multi-cultural community and religious practices in Malaysia raised several research questions. Firstly, to what extent does differences in religious beliefs have an effect on perceived ethical practices

in business? In other words, are there any differences among the Muslims, Christians and Buddhists and Hindus on perceived ethical or unethical practices? Secondly, to what extent does the degree of religiousness have an influence on perceived ethical practices of business executives and managers in Malaysia? Does high or low religiousness have an effect on perceived ethical or unethical practices in business?

These research questions provide the basis for undertaking a study on the influence of different religious faiths and extent of religiousness on ethical practices. Such research questions have important implications on the theoretical development of business ethics and practical implications to managers in enhancing level of ethics in business practices.

Therefore, it is the purpose of this paper to examine the whether the religious values of Buddhism, Christianity, Hinduism and Islam have any influence on the ethical perceptions of business executives, and whether the degree of religiousness has any influence on ethical perceptions of business executives.

LITERATURE REVIEW

Business ethics and Religiousness

Business ethics is rules, codes or principles which provide guidelines for morally right behavior and truthfulness in specific situations (Lewis, 1985). Business ethics also refer to moral principles and standards that guide behavior in the world of business (Ferrell and Fraederich, 1991). Perceived ethical practices refer to the degree to which a person agrees that a situation has problematic ethical context (Hunt and Vitell, 1986). As such this triggers the ethical decision making process. Armstrong et al (1993) examined the hypothetical relationship between perceived ethical problems and the cultural environment based on the Hunt and Vitell's model. They found that perceived ethical problem scores were significantly different across the three cultural environments, namely Malaysia, Singapore and Australia.

Kiran et al (2000) compared the moral intensity, ethical perception and ethical intention of managers from the United States and Malaysia. By using ethical scenarios, it was found that American managers perceived higher levels of moral intensity than Malaysia managers on the components related to the extent of harm done to the victim. However, there were no significant differences between the two groups on those components that relate to social pressure. Further, the ethical perception and ethical intention of American managers were higher than those of Malaysian managers. These were due to differences in the societal moral climate, organizational culture, cultural factors and cognitive moral development.

Zabid (1989) examine the influence of culture on perceived unethical practices. His results showed significant differences between the Malays, Chinese and Indians in malpractices in sales, and gaining of competitor information. In both these situations, Indian managers perceived two practices as more unethical than both Malay and Chinese managers. The Chinese managers, on the other hand, perceived malpractice in sales as more unethical than the Malays. However, the Malay managers perceived gaining of competitor information as more unethical than Chinese managers. These results suggest that Indian managers have lower tolerance for unethical practices than Chinese or Malay managers.

Although socio-cultural background presumably influences ethical perceptions, uncertainty exists concerning the actual strength of the effect. Some studies do not support cultural influences on ethical beliefs. Abratt et al. (1992) found no significant differences between the sample of South African and Australian managers regarding ethical beliefs. These findings were consistent with other studies reporting little variation in ethical beliefs from culture to culture (Lee, 1981; Izraeli, 1988; Tsalikis and Nwachukwu, 1988, 1989). A study comparing business students from United States and New Zealand indicated little deviation in ethical orientation (values) among cultures though varying degrees of sensitivity toward those values do occur (Lysonski and Gaidis, 1991). Small (1992) reported attitudes towards business ethics among United States, Australia and Israeli business students varied in strength but did not necessarily reflect opposing viewpoints.

Kennedy and Lawton (1998) examined the relationship between religiousness and ethical behavior. Two different types of Christian affiliations were investigated, namely Evangelical and Catholic. These were also compared with non-believers of either affiliation. The results of the study showed partial support that students at religiously affiliated colleges had higher levels of intrinsic religiousness than students at public institutions. There was also a significant but weak support that students attending institutions with an Evangelical affiliation differed in their willingness to engage in unethical behavior. The results also indicated that students least willing to engage in unethical behavior were the Evangelicals. However, the post-hoc comparison test indicated that there were no significant differences in ethics among students at the various institutions.

Hegarty and Sims (1978, 1979) conducted an experiment by using a student sample to examine the influence of personal factors on ethical behavior and found religiousness to be not significant. Weibe and Fleck (1980) found that people who accepted religion as the central focus of their life (intrinsic) tended to have more concern for higher moral standards, discipline and responsibility than those who were non-religious. McNichols and Zimmerer (1985) used a scenario technique and found that strong religious beliefs were significantly associated with negative attitudes towards acceptability of unethical behaviors. Kidwell et al (1987) found that there was no relationship between church attendance and perceptions of what was ethical. Barnett et al (1996) found high religiousness to be negatively

correlated with relativism, but not correlated with idealism. Okleshen and Hoyt (1996) and Kennedy and Lawton (1998) showed evidence to support that religious orientation affects an individual's moral reasoning. Clark and Dawson (1996) found that the religious perceived actions to be less unethical than non-religious.

Religious Values

In this study, four major world religious values would be examined, namely Islam, Christianity, Buddhism, and Hinduism.

In Malaysia, all Malays are muslims. Malay society is a Muslim society, and Malay culture claims to be Islamic, in that religion sets the tone of life and serves as one of the principal sources of identity (Nagata, 1986). In Islam, the basic belief is that God (Allah) is one, and that Muhamad is the last of the divinely sent prophets of God. Quran is the final word of God, which are the fundamental tenets of Muslim faith. Daily life is a matter of living in accordance with the shariah or divine law based on the Quran. Muslims are expected to practice the five pillars of their religious duty. The utterance of the declaratory creed (shahada), obligatory prayers (salat) five times daily, the annual alms giving (zakat), the fast from sunrise to sunset during the month of Ramadan, and perform the pilgrimage once in a person's lifetime to Mecca provided health and wealth permitting.

Islam is not a rigid religion and does not aim to deprive Muslims of the 'good things that God had provided' (Quran, 7:32). It takes a positive view of life considering man as the vicegerent of God (Quran, 2:30) for whom has been created everything on earth (Quran, 2:29). Therefore, virtue lies not in shunning the bounties of Allah, but in enjoying them within the framework of the values for 'righteous living' through which Islam seeks to promote human welfare.

In the Islamic culture, there are several obligations considered important, namely the obligations to the family and tribal traditions, obligations toward parents are sacred, obligations to extend hospitality to both insiders and outsiders, obligations on conformed codes of sexual conduct and social interaction (this includes modest dressing for women in public and separation of male and female audience), and obligations to religious occasions (Mustaq et al, 1980).

Muslims derive their ethical system from the teachings of the Quran and from the Sunnah (recorded saying and behavior of Prophet Muhamad, peace be upon him). The goals of Islam are not primarily materialistic. They are based on Islamic concepts of human well-being and good life that emphasize brotherhood and socioeconomic justice and require a balanced satisfaction of both the material and spiritual needs of all humans. Islam considers ethics as an offshoot of iman (a Muslim belief system), and it emerges from the Islamic worldview of human life. In order to become an ethical manager, a Muslim must learn to avoid the gray

area and maintain strict al-adil (justice) in his or her actions, even with people who hate him or her (Khaliq, 1997). The Islamic way of life forbids certain leisure activities like gambling, drinking alcohol and dancing. Islamic Puritanism discourages consumerism and fosters a saving oriented way (Arslan, 2001).

In Malaysia, the Chinese are generally Buddhist but a small proportion (about 10.6% of the total population) are followers of Confucianism, Taoism, and other traditional religions. The Malaysian Chinese traditional religious affiliation is referred to as 'baisan', that is worshipping deities or 'baifo' that is worshipping Buddha/ Bodhisattvas (Tan, 2000). The Chinese religion in Malaysia combines Chinese folk religion with elements of Taoist and Buddhist traditions and Confucian ethics as well (Tan, 2000).

There are many aspects of the traditional Chinese world views that are religious in expression, such as the belief in five elements (metal, wood, fire, water and earth) and geomancy ('fung shui'). Many Chinese also consult the 'tongshu' for ritual information such as finding a suitable date for a wedding or building a house. From the point of view of individual worshippers, religious participation involves worshipping at home and temples. The worship is primarily concerned with propitiating for peace, security, and prosperity as well as for specific ritual needs such as healing the sick and appeasing the dead (Tan, 2000).

In Malaysia the Mahayana Buddhism, which originated from China and Japan, was widely practiced by the Chinese community (Tan, 2000). Mahayana Buddhism is concerned with compassion for all sentient beings. This extends to all creatures, not only humans, although the latter are the main focus. The Buddhist sees that all our mothers or fathers, an idea rooted in their belief in reincarnation in which they hold that people have lived so many lives all these beings have been our fathers or mothers at one time (Gould, 1995). In Buddhism, there is also a devotional focus, the task of cultivating right wisdom and insight – seeing things as they really are – as a necessary precursor to attaining enlightenment. Thus, meditation ('samadhi') is both the key element to the practice of the religion and a singular distinctive feature. There are also significant pilgrimage and festival rituals that Buddhist tends to observe like the 'Vesak' festival. Although Buddhism is known for its philosophical and metaphysical dimensions, there are also sets of moral commands and ethical guidelines. A Buddhist perspective on ethics takes into account the individual in a holistic manner which focuses one one's thoughts, feelings and behaviors in relation to one's ethical stance (Gould, 1995).

Confucianism was taught by Confucius who was born in 551 B.C. He taught a system of cultured humanity, venerating the principles and virtues of an earlier period in Chinese history, promoting a life of peace and harmony in accordance with the 'mandate of heaven' as a counter to the rule of law and punishment with its response in violence and hatred. For Confucius the goal of humane 'goodness' is represented as harmonious interaction (Pratt, 1998). Such a goal requires

cultivation through an educational process that involved the study of classics which Confucius collected and edited.

In Confucianism, the key principle is 'Li' meaning 'propriety', 'respectful ritual', at the heart of which is filial piety directed towards ancestors and parents. 'Li' is the outward form enabling the cultivation of humane goodness ('jen') within (Pratt, 1998). For Confucius the discipline of study and the practice of ritual was a self-transformative activity the foundation of which lay in sacred power. Confucius was primarily concerned for human life in family and society, not with the invocation of gods and spirits as such.

According to Chan (2000), Confucianism categorized individuals into four classes : intellectuals, farmers, workers and merchants. The merchant group was rated last (ranked fourth) because Confucian ethics takes a negative attitude towards profit-seeking activities. It is believed that one would be guided by ill will if one is guided by profit in one's action. This does not mean that Confucianism opposes such activities but would like people to maintain environmental harmony and thereby acquire profit as a consequence of their goodness.

Taoism is both a philosophy and a primal religious tradition. Founded by Lao Tzu, it had evolved over time a religious mode and practice complete with sacred writings, priest, and various sects. There emerged a common concern for long life and immortality and a central focus on obtaining harmony with the eternal Tao by actions aimed at getting in tune with the spiritual forces of the universe. In general, Taoism produced an abundance of scriptures, rituals and organizations as an expression of religious development of a philosophical perspective of life (Pratt, 1998).

Christianity accounted for 9.1% of the total Malaysian population. About 8% of the Malaysian Chinese were Christians, and 8% of the Indian population is Christian. The rest of the Christians were spread mainly among the various indigenous groups in the states of Sabah and Sarawak. The Christians are mainly divided into two groups: the Roman Catholic and the Protestants. Christians believed that by believing in the name of Jesus, the founder of the religion, they are saved and will go to heaven when they die (John 11:25). The Bible encourages the believers to start with God and his requirements when they look for moral judgements. The central unifying principle is expressed in many ways in the Bible: the standard of goodness is personal, the source of moral knowledge is revelation, moral teaching is phrased as command, not statement, the basic ethical demand is to imitate God, and religion and ethics are inseparable. Christian ethicists have traditionally relied on certain authorities (the Bible, natural laws, the revealed word of God) and may regard certain behaviors as always sinful (Singhapakdi et al., 2001). In western countries, Christian ethics have explicitly influenced business ethics through laws that concern business practices. According to Wong (2002), Christian entrepreneurs can bring Christian values into their workplace in the following ways: act as a steward for God, view

employees as created in the image of God, believe in the Christian concept of good and excellent work, understand its role which is to create community, and has responsibility to wider society.

Max Weber (1930) argued that protestant societies had special work ethics that was distinct from non-Protestant societies. He named this ethos as the protestant Work Ethic (PWE). Weber believed that Protestants were more work oriented than non-Protestants. The Protestant Work Ethics played an important role in the development of capitalism in the world. Empirical studies showed that there were considerable difference between Christian and other groups in terms of PWE characteristics (Arslan, 2001).

The Hindus represented 6.3% of the total Malaysian population. Hinduism pervades all aspects of the life of Tamil speaking Hindus in Malaysia. According to Rajoo (1992), the term Hinduism has been attributed to a religious system encompassing the most variegated forms of beliefs and practices. The amorphous and complicated forms of beliefs and practices that characterize Hinduism have led scholars of Indian studies and Indian culture to define the religion in a number of ways. It also has been defined as including anything between atheism and pantheism.

To be a Hindu means to accept and respect the ancient religious traditions of India. There are two categories of scripture in Hinduism: the Vedas, which are the ancient Sanskrit scriptures from the preceding Vedic religion; and a range of texts which have since emerged throughout the development of Hinduism, including the great epics of the 'Mahabharata' and the 'Ramayana' – both grand stories packed with communication from the gods and the wisdom of the ancients. One of Hinduism's main concepts, 'varnashramadharma' meaning that individual identity at any particular time is made up of a matrix of factors: caste, stage, and relevant duties of requirements (Pratt, 1998).

According to Hindu scriptures, an individual is not granted a single birth and death but a chain of births and deaths depending on one's actions or 'karma' in the previous birth or births. Consequently, one's position in society is predetermined on the basis of one's action. As such one enjoys happiness or experiences sorrow accordingly. But mundane happiness is transient and uncertain. The only way of seeking perpetual happiness is to find ways and means to attain salvation through various rituals and religious practices.

Theoretically, morality was regarded as part of the natural order of the universe (Ivbulis, 2001). 'Karma' was supposed to determine every human step and consequently, it provided firm ethical justification for the existing order of things. The notion of goodness was closely connected with what was good for the individual only to reach his liberation. Therefore, sometimes it seems as though there are no social ethics in Hindu worldview. Bharthihari, the Indian ethicist in the 6th century noted that ethical behavior is the most natural and usual response

of humanity and it is the business of society engineering to reinforce this tendency (Rangathanda, 1968). Some of Hindu values are mutually contradictory and some are complementary. They include controlled greed, pursuit of pleasure, efficiency and work ethics, truth, transparency and honesty, compassion and charity, peity sacrifice, stoic dignity, righteousness in envy, pride, anger and violence, camaraderie and fraternity, trust and cooperation, tolerance pluralism and meliorism, gratitude and respectfulness, harmony with self, society and nature, and believing in an evolutionary destiny of the universe (Sekhar, 2001).

To assess the religious values in terms of their religiousness, McDaniel and Burnett (1990) suggested that religiousness could be measured in terms of cognitive and behavioral dimensions. The cognitive dimension is also known as the spiritualism refers to the degree to which an individual holds religious beliefs in terms of the importance of religion, belief in God, importance of spiritual values and importance of religiosity. The behavioral dimension is known as the devotion is interpreted as overt behavior towards a religious organization and can be measured in terms of church/ mosque or temple attendance, tithe/ monetary giving, and activity involvement.

THEORETICAL FRAMEWORK

Based on the above literature, the theoretical framework proposed that religious values (comprising Islam, Christianity, Buddhism and Hinduism) and level of religiousness (referring to the extent or degree of spiritualism and devotion, that is high or low religiousness) influences the individual ethical perceptions of business practices. The ethical perceptions of business practices are categorized in terms of business to consumer ethics, organizational ethics, and business-to-business ethics. The business-to-consumer ethics refer to practices like marketing of unsafe products, giving deceptive instructions, and selling defective products. Organisational ethics refer to practices like padding one's expense account, abusing sick leave, using insider information, and not reporting unethical acts. These practices are related to employees. There are, however, unethical practices that involved the human resource, financial and administrative policies like recruiting on gender considerations, engaging in nepotism in hiring practices, and giving bribes to foreign officials. Business to business ethics refer to practices like receiving gifts from suppliers in exchange for orders, gift giving during the 'Hari Raya' season, spending small money to earn big money, and awarding contracts on ethnic consideration.

Based on this framework, the following hypotheses are advanced.

H1 : There are significant differences in the ethical perceptions among the Muslim, Christian, Buddhist and Hindu executives

H2 : There is a significant difference in the ethical perception between executives with high religiousness and executives with low religiousness

METHODOLOGY

A structured questionnaire was developed based on the ethical/ unethical scenarios developed by McDonald and Zepp (1988), Baumhart (1968), Hunt (1989), and Harris (1989,1990 and 1991), and 15 scenarios were selected based on the relevance in the Malaysian scene. Adaptations were also made to suit the local environment. The respondents were asked to rate each of the scenarios on a 7-point interval scale ranging from strongly agree(1) to strongly disagree(7). The religious construct was based on the work of McDaniel and Burnett (1990), which has 14 items measured on an 7 point interval scale, ranging from strongly agree (1) to strongly disagree(7).

The questionnaires were distributed to executives enrolled in the MBA programmes in three public universities and three private colleges in the Klang Valley. A total of 500 questionnaires were distributed, and 239 completed responses were received (representing 47.8% response rate). However only 209 responses were used for analysis as those respondents that did not fall into the four religious groups were excluded for analysis.

A pre-test was conducted prior to distributing the final questionnaire, after some minor modifications were made accordingly. The reliability test was performed, and the Cronbach alpha coefficient for the 3 items on consumer ethics was 0.5669, organizational ethics was 0.7137, and business-to-business ethics was 0.5100. However, the overall coefficient for the 14 items was 0.8106 suggesting a fair level of internal consistency in the responses. The coefficient for the religiousness was 0.7969 (0.6293 for spiritual dimension and 0.7954 for the devotion dimension) suggesting a fair level of internal consistency in the responses. The Pearson correlation also showed that the items were highly correlated ($p < 0.01$) suggesting a convergent validity for the spiritual and devotion dimension.

In the sample, it was found that 33.5% of the total respondents were Muslims, 32.5% were Buddhist, 21.5% were Christians, and 12.5% were Hindus. In terms of ethnic groups, 48.3% were Chinese, 33.5% were Malays, 14.8% were Indians, and 3.3% were other ethnic groups. About 64% of the respondents were male and the remaining was female. In terms of age group, about 47.8% were between 21-30 years of age, 36.8% were between 31-40 years of age, and 12.9% were between 41-50 years of age. In terms of job position, 65% of the total respondents were executives, 30% were managers, and 4.8% were directors/ senior managers. With respect to income level, about 48.8% of the total respondents earned between RM 2,000-4,000 per month, 23.2% earned between RM 4,000-6,000 per month, and about 15.3% earned above RM 6,000 per month.

FINDINGS AND DISCUSSION

A chi-square test was done to determine the association between the different religious groups and the level of religiousness. The chi-square value was 39.327, significant at $p < 0.001$. The results showed that there is an association between the religious groups and the level of religiousness. In the sample, about 33% of the total respondents were grouped as high religiousness. They were grouped as highly religious when their response for each of the 14 items were strongly agree (1), and those that had scores of more than 14 were grouped as low religiousness. The groups that were regarded as highly religious were Muslims (52.9%) and Christians (46.7%). Only 26.9% of the Hindus were highly religious, and 5.9% of the Buddhist were highly religious. This is not unusual as other studies have found that the Chinese people in different parts of the world tend to maintain low religious values. Slamet and Armstrong (2001) also found that Indonesian Chinese who were predominantly Buddhist maintained low religious values. The Chinese tended to believe that ancestor worship was more important than religious rituals (Wilmontt, 1960; Vasanti, 1975; Burhanuddin, 1988).

Influence of Religious Values on Ethical Perceptions

To test H1, one-way ANOVA was performed. The results showed that there were no significant differences in ethical perceptions among the different religious groups for the business to consumer ethics. For the organizational ethics, the results showed that only one item was significantly different among the religious groups, namely the 'bribes to foreign officials' (significant at $p < 0.05$). Both the Christian and Muslim executives perceived that bribery was unethical, while the Buddhist and Hindus perceived it as acceptable. With regards to business ethics, the results showed that two items were significantly different, namely the 'gifts from suppliers' and 'spending small money to earn big money' (significant at $p < 0.05$). The Christians perceived these actions as unacceptable, while the Buddhist perceived it as acceptable relative to the other religious groups. These results showed that H1 is partially supported.

Influence of Religiousness on Ethical Perceptions

To test H2, a t-test was performed. The results showed that only one item was significant. That is 'bribes to foreign officials' (significant at $p < 0.05$). The executives with high religiousness perceived it as unacceptable compared to those with low religiousness. This means that H2 is generally not supported, except for one item.

Overall, the findings of this study showed that religious values and level of religiousness have little impact on the ethical perceptions of the respondents. One factor for this relationship can be attributed to the fact that all religious values promote goodness, truth, charity, holiness and purity (Donaldson, 1996). Frederick (1998) noted the convergence among the world religions around central moral principles. Further, Parboteeah and Cullen (2002) found that the influence of religion on business ethics were also limited in their study. As such these similar universal values may have provided a similar base from which the executives derive their ethical perceptions.

It should also be realized that the above findings is due to the Malaysian society's moral climate and cultural factors. That is this finding may suggest that Malaysian general public have low level of awareness and importance of ethics. Gupta and Sulaiman (1996) found that although nearly 70% of the Malaysian managers recognized the existence of the code of ethics in their companies, a large percentage 'did not know' the existence of a formal written code in the industry. It should also be noted that the low level of ethical standards among the Malaysian respondents could be attributed to the peer pressure in the industry, and the need to 'adhere' the leaders' wishes as critical to their business survival. As the Malaysian economy experienced an economic boom, the need to uphold ethical standards was ignored so as to grasp the opportunities available at that time. It is well known fact that Malaysians valued short-term orientation as opposed to long term interests. As such, the respondents' response reflected that they were able to compromise between personal ethical values and 'religious values' which is more of a 'ritual value' than the intrinsic underpinnings. For example, it is not unusual to find one Malaysian working in a religious institution, like the National Pilgrimage Board, yet the senior employees succumbed to the inappropriate conduct. Some would argue that if one makes one mistake, it is alright as the Almighty is most merciful and compassionate, and then repent when it is done and over with. This type of attitude is not unusual among Malaysian, irrespective of their religious groups, as the socio-economic and cultural values appeared to be changing.

CONCLUSION

The results of the study showed that the different religious groups have little influence on the ethical perceptions of the executives. The level of religiousness also had no influence on the ethical perceptions. One important implication of the findings is that the influence of religious values on ethical perceptions may be limited due to contextual environment. While some studies have found that religion may have an influence on ethical perceptions, it would depend on the socio-cultural environment. In Malaysia, for example, since the majority of he businesses are dominated by the Chinese, who are predominantly Buddhist, the other ethnic groups, and also religious groups, may have adopted the Chinese way of doing business, with little awareness that they were tolerating the unethical values. In other words, the level of religious tolerance may be high, due to the fact

that rituals are important as opposed to intrinsic values. Further, it should be noted that the religiousness measurement in this study need to be reviewed as it may not be able to grasp the true meaning of religiousness. That is the intrinsic religious values may not be measured accordingly. Further, it may also be due to the fact that the multiracial community in Malaysia may have resulted to the higher levels of tolerance among the ethnic groups, and consequently religious tolerance is also assimilated in the personal values of the individuals. This may also be due to the fact that the various ethnic groups realized the importance of maintaining harmony and respect of other religious groups as laid out in the Malaysian constitution. To a certain extent, the inter-religious differences among the community in the country may not be realized among the community, especially when the different religious groups also join in the religious celebrations of other religious groups like 'Hari Raya' (for Muslims), 'Deepavali' (for Hindus), Christmas (for Christians), and 'Chinese New Year' (for Buddhist, Confucian or Taoist followers). Consequently, further research needs to be done to address this issue to make further refinement to the religiousness measurement.

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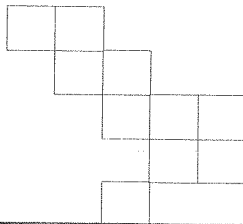
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The Influence of Religiousness on Perceived Business Ethics

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INTRODUCTION

- Business ethics becoming more important and gaining attention
- Increasing number and trends of unethical practices in recent years
- Such trends have potential impact on organisational performance and business practices
- Decision making in business practices could be influenced by individual, social and cultural factors
- Religiousness seems to have an effect on ethical decision making in 3 ways: part of cultural environment, personal characteristic, and often dominant basis for individual's values (Hunt and Vitell, 1986)

- Religion seems to influence people in terms of their values, habits, attitudes and serve as a guide to the conduct of socially acceptable behaviour
- As such religion seems to be an important institution that exercises control over beliefs and behaviours (Kennedy and Lawton, 1998)
- However, there are different views on the influence of religion towards business practices
- Some studies found potential influence while in other studies found limited influence

- In multicultural context, to what extent does differences in religious beliefs have an effect on perceived ethical practices in business?
- Are there any differences among Muslims, Christians, Buddhist and Hindus on perceived ethical or unethical practices?
- To what extent does the degree of religiousness have an influence on perceived ethical or unethical practices?
- Do high or low religiousness have an effect on perceived ethical or unethical practices in business?

Objectives

- To examine whether the religious values of Buddhist, Christianity, Hinduism and Islam have an influence on the ethical perceptions of business executives
- To determine whether the degree of religiousness has any influence on the perceived business ethics

Literature Review

- Business ethics are rules, codes or principles which provide guidelines to morally right behavior and truthfulness in specific situations (Lewis, 1985)
- Also refer to moral principles and standards that guide behavior in business world
- Perceived ethical practices refer to the degree to which a person agrees that a situation has problematic ethical context (Hunt and Vitell, 1986)
- Armstrong et al (1993) found perceived ethical problem scores were significantly different in Malaysia, Singapore and Australia

- Kiran et al. (2000) found that American managers perceived higher level of moral intensity than Malaysian managers on the components related to the extent of harm done to the victim. However, there no differences on components related to social pressure.
Ethical perception and ethical intention of American managers were found to be higher than Malaysian managers
- Zabid (1989) found significant differences on perceived unethical practices among the Malays, Chinese and Indians: malpractices in sales and gaining of competitor information.

- Other studies showed that culture has little influence on perceived business practices: South Africa and Australia (Abratt et al, 1992), United States and New Zealand (Lysonski and Gaidis, 1991), U.S.A., Australia and Israel (Small, 1992)
- Kennedy and Lawton (1998) found that students at religiously affiliated colleges have higher levels of intrinsic religiousness than students at public institutions. They also found that Evangelical students were least willing to be engaged in unethical behavior than Catholic students.
- Hegarty and Sims (1978, 1979) found religiousness does not affect perceptions of ethical behavior.

- Weibe and Fleck (1980) found that people who accepted religion as their central focus in life tended to have more concern for higher moral standards, discipline and responsibility than those who were non-religious
- McNicols and Zimmerer (1985) found that strong religious beliefs were associated with negative attitudes towards acceptability of unethical behavior
- Kidwell et al (1987) found no relationship between church attendance and perceptions of what was ethical
- Okleshen and Hoyt (1996) and Kennedy and Lawton (1998) showed support that religious orientation affects an individual's moral reasoning
- Parboteeah and Cullen (2002) found that religiosity would not assure higher levels of ethical behavior

- ISLAM**
- 5 Pillars of Islam
 - Quran
 - Prophet Mohamed
 - Islamic culture provides framework for social behavior
 - Islamic ethic based on the question 'al-adil' (justice)
 - Forbids gambling, drinking alcohol, pork, 'non-halal' food, etc

- CHRISTIANITY**
- Jesus Christ
 - Bible
 - Central unifying principle: standard of goodness is personal, source of moral knowledge is revelation, moral teaching is command
 - Religion and ethic are inseparable
 - Christian ethicist may regards certain behaviors as sinful

- BUDDHISM**
- Confucianism, Taoism & other traditional affiliations 'baisei'
 - Beliefs in 5 elements and 'fung shui' and 'tongshu'
 - Worship for peace, security, and prosperity including healing the sick and appeasing the dead
 - Ethic seen from individual in holistic way – focuses on one's thought, feelings and behaviors, in relations to one's stance

- HINDUISM**
- Hindu texts – Vedas and a range of texts including 'Mahabharata' and 'Ramayana'
 - 'Varnasramadharma' – individual identity is based on caste, stage and relevant duties of requirements
 - Chains of birth 'karma'
 - Hindu values include the pursuit of pleasure, efficiency, truth, transparency, honesty, compassion and charity, piety, sacrifice, etc

HYPOTHESES

H1 : There are significant differences in the ethical perceptions among Muslims, Christians, Buddhist and Hindu executives

H2: There are significant differences in the ethical perceptions between executives with high religiousness and low religiousness

METHODOLOGY

- Structured questionnaire on 15 scenarios based on past studies relevant for Malaysian scene
- Items were on 7 point interval scale ranging from Strongly Agree (1) to Strongly Disagree (7)
- Questionnaire on religiosity were measured based on spiritual and devotion dimensions (14 items) on 7 point interval scale
- Questionnaires were self-administered by respondents
- 500 questionnaires were distributed to MBA executives in 3 public universities and religious institutions
- 239 responses received (47.8% response rate) but 209 used for analysis
- Cronbach alpha on ethics (0.8106) and religiosity (0.7969)

Ethical Scenarios

- Bob's entire line of clothes treated with a flame retardant agent found to be cancer causing and banned. To cut losses, the management decides the entire lot to be sold to countries without such a ban. To what extent do you think Bob will agree/ disagree with the management's decision?
- Jim, as a member of the BOD learned of an impending merger with a company that will result in an increase in the company's stock. One of the directors recommends that he buy some of shares now. To what extent do you think Jim will agree/ disagree with the recommendation?
- Ray's colleague tells him that he had spent RM 5,000 on dinner entertaining a potential client in order to secure a large contract from him. To what extent does Ray agree/ disagree with his colleague's way of winning the contract?

Religiosity Scale

- My religion is very important to me
- I believe in God/ Deity
- I believe my God always responds to prayers
- My religious principles have always guided my business practices
- I go to church/ mosque/ temple regularly
- I regularly give tithe/ donation/ offerings
- I am regularly involved in mosque/ church/ temple activities

PROFILE OF SAMPLE

	Buddhist	Christian	Hindu	Muslim	Total
Chinese	32.1%	15.3%	1.0%	-	48.3%
Indians	0.5%	3.3%	11.0%	-	14.8%
Malays	-	-	-	33.5%	33.5%
Others	-	2.3%	0.5%	-	3.3%
Total	21.5%	21.5%	12.5%	33.5%	100%

PROFILE OF SAMPLE

	Buddhist	Christian	Hindu	Muslim	Total
Male	20.1%	13.4%	7.7%	22.5%	63.6%
Female	12.4%	8.1%	4.8%	11.0%	36.4%
Total	32.5%	21.5%	12.4%	33.5%	100%

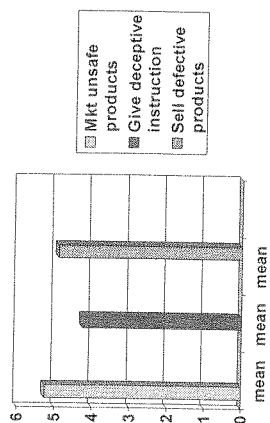
PROFILE OF SAMPLE

	Buddhist	Christian	Hindu	Muslim	Total
Manager	11.4%	7.7%	3.8%	12.0%	34.9%
Executive	21.0%	13.3%	8.6%	21.6%	65.1%
Total	32.5%	21.5%	12.4%	33.5%	100%

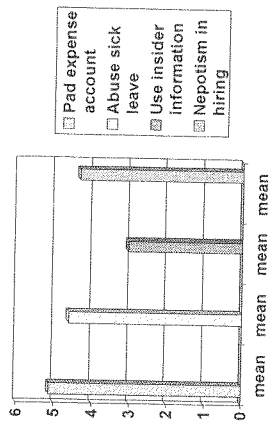
	Buddhist	Christian	Hindu	Muslim	Total
SPM/ STPM	2.9%	3.3%	3.3%	2.9%	12.4%
Diploma	3.8%	2.4%	3.4%	12.4%	22.0%
Degree	17.7%	12.9%	2.4%	15.3%	48.3%
Postgraduate	8.1%	2.9%	3.3%	2.9%	17.2%
Total	32.5%	21.5%	12.4%	33.5%	100%

	Buddhist	Christian	Hindu	Muslim	Total
< RM 2,000	2.5%	2.0%	1.5%	6.9%	12.8%
RM 2000-4,000	15.3%	10.3%	8.4%	14.8%	48.8%
RM 4000-6,000	9.4%	4.4%	2.5%	6.9%	23.2%
>RM 6000	6%	3.5%	0.5%	5.5%	14.3%
Total	33.0%	20.2%	12.4%	33.5%	100%

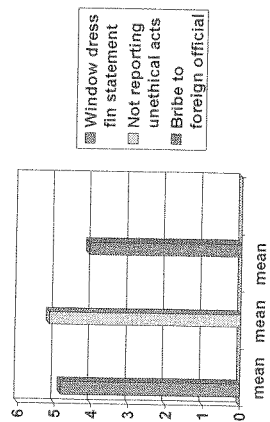
Business to Consumer Ethics



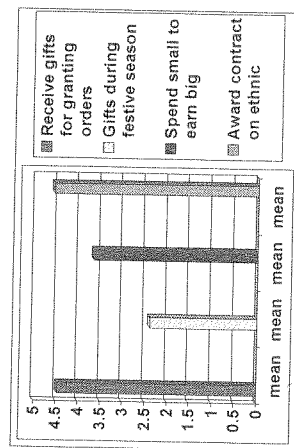
Organisational Ethics



Organisational Ethics



Business to Business Ethics



Religiousness

Spiritual	Mean
Importance of religion	1.69
Belief in God	1.74
Importance of spiritual values	2.51
Importance of religiosity	3.05
Devotion	
Mosque/ church/temple attendance	2.81
Tithe/ monetary giving	2.66
Involvement in religious activities	3.67

Mosque/ Church/ Temple Attendance	Percentages
More than 6 days per week	8.1%
5-6 days	4.8%
3-4 days	19.1%
1-2 days	45.9%
Not at all	22.0%

Tithe/ Temple Donation/Offering	Percentages
More than stipulated minimum	33.5%
Exact stipulated minimum	28.2%
Slightly less than stipulated minimum	20.1%
Much less than stipulated minimum	6.7%
Not at all	11.5%

Involvement in religious activities per week	Percentages
10 hour or more	6.7%
7-9 hours	7.7%
4-6 hours	13.9%
1-3 hours	39.2%
Not at all	32.5%

Religiousness by Religious Groups

Religiousness	Buddhist	Christian	Hindu	Muslim	Total
High	5.9%	46.7%	26.9%	52.9%	33.0%
Low	94.1%	53.3%	73.1%	47.1%	67.0%
Total	100	100	100	100	100

Hypothesis Testing

- Influence of Religious Values on Ethical Perceptions
- 3 out of 14 items were found to have significant differences
 - Give bribe to foreign official, receive gifts from suppliers, and spend small money to earn big money
 - Christian and Muslim perceived giving bribes as unethical
 - Buddhist considered giving bribes to foreign official and spending money to earn big money as acceptable
 - H1 partially supported

- Influence of Religiousness on Ethical Perception
- Only 1 of out 14 items were found to be significantly different between high and low religious groups
 - Give bribes to foreign official
 - High religious groups considered it as unethical
 - H2 is not supported

CONCLUSION

- Religious groups and level of religiousness have little influence on perceived ethical values
- This could be due to society's moral climate and cultural values
- Could be influenced by business practices which is dominated by one ethnic groups guiding their religious values
- Indicates short term orientation as opposed to long term view of the business practices – do it now and repent later
- Changing business values due to 'material emphasis' as opposed to intrinsic values and beliefs
- Need to review the measurements of religiousness to provide more meaningful results – 'iman' (faith)